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News Release

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Notice Regarding the Formulation of the “2026 Mid-term Business Plan”

We hereby announce that the Company has formulated the “2026 Mid-term Business Plan,” a three-year plan covering the three fiscal years from FY2026 through FY2028.

Highlights of the 2026 Mid-term Business Plan

We will work to stabilize our earnings base by implementing structural reforms in our core businesses, while enhancing corporate value through the monetization of our strategic businesses, improvements in capital efficiency, and the strengthening of organizational capabilities.

【Key KPIs (FY2028 Target)】

Operating income

11 billion

ROIC

6.5% or more

ROE

10% or more

Revision of the Shareholder Return Policy

In order to enhance corporate value by promoting growth investments and improving financial soundness while achieving the continuation of stable dividends, we have newly adopted DOE as an indicator for our shareholder return.

DOE(*)

3.5%

【Previous Policy】(Scope: FY2025)

Maintain a dividend payout ratio of 40%, with a minimum annual dividend of 80 yen per share.

(*)DOE : Dividends Paid / Shareholders' Equity (as of the end of the previous fiscal year)

1. Review of the Previous Mid-term Business Plan

“2023 Mid-term Business Plan” (covering FY2023 through FY2025)

- ✓ Due to factors such as the slump in domestic steel bars business affected by the blast furnace issues at the Muroran Works, the financial targets set initially—such as operating profit and ROE—were not achieved, and the PBR still remains below 1.0x.
- ✓ On the other hand, businesses other than domestic steel bars business have generally progressed at the planned level, and we have made progress in nurturing our strategic businesses and reviewing our portfolio.
- ✓ Initiatives aimed at transforming the earnings structure—such as the monetization of certain strategic businesses and the structural reform of the Spring Business—have steadily progressed.
- ✓ With an emphasis on ROIC and CCC, we promoted asset reductions, and progress was made in improving our financial position, including the reduction of interest-bearing debt.
- ✓ While we advanced the articulation of our purpose, challenges still remain in further enhancing human capital management.

2. Overview of “2026 Mid-term Business Plan”

The “2026 Mid-term Business Plan” is positioned as a three-year period to enhance the feasibility of achieving our desired state in 2030, and we will mainly promote the initiatives set forth below.

- ① Rather than achieving the target by relying on the domestic special steel bars business, we aim to achieve the operating profit target (¥11.0 billion) by transforming the quality of earnings through increasing the proportion of our strategic businesses and high value-added areas.
- ② In our core businesses, we will rebuild earnings power and cash generation capability, and in our strategic businesses, we will concentrate management resources in areas where we can win.
- ③ We will enhance asset efficiency with ROIC as the key metric, and, through improving ROE, link this to improvements in capital efficiency and market valuation.
- ④ By developing mechanisms to train and develop talent and evolving into a foundation that enables the agile redeployment of human resources to growth businesses, we will enhance organizational execution capabilities and make sustainable growth more certain.
- ⑤ We will embed the purpose of our Group (announced today) both internally and externally, share our aspirations with stakeholders including employees, and further accelerate our challenge toward the future for the Company’s sustainable growth.